



Hospital-Based Physicians: Network Adequacy and Reimbursement

**Presentation to Task Force on Physician Reimbursement
May 2008**



Overview

- Unique characteristics of hospital-based physicians
- Consumer choice
- Statutory requirements for payment
- Policy debate
- Survey
- Conclusions



Hospital-based physicians

- Hospital-based physicians provide care to members:
 - For treatment of an emergency
 - As a result of an admission to a facility
- Hospital-based physicians include:
 - Anesthesiologists
 - Pathologists
 - Radiologists
 - Emergency Medicine



Consumer choice

■ Non-emergency

- Consumers select treating provider and facility
- Consumers do not select hospital based physicians

■ Emergency

- Consumers may not select facility or emergency medicine provider



Statutory requirements for payment

■ HMOs

- Participating providers reimbursed at contracted rate
- Non-participating providers reimbursed in accordance with §§ 19-710.1 of the Health-General Article
- Participating *and* non-participating providers must accept HMO payment as payment in full



Statutory requirements for payment continued

■ Health insurers

- Aggregate payments to nonpreferred providers on average may not be less than 80 percent of the aggregate payments made to preferred providers
- Preferred providers must accept health insurers payment as payment in full
- Nonpreferred providers may balance-bill the member



Policy debate

- Providers
 - Payment adequacy
- Consumers
 - Balance billing



Survey

- Requested information from six companies representing 14 insurers and HMOs
- Five of the six responded for 12 insurers and HMOs
- Questions
 - Hospital based physician status by hospital
 - Reimbursement method for non-participating hospital-based physicians



Survey continued

■ Anesthesiologists

- Four of the five companies had contracts with anesthesiologists in over 60 percent of Maryland hospitals

■ Pathologists

- Three of the five companies had contracts with pathologists in over 60 percent of Maryland's hospitals



Survey continued

■ Radiologists

- Four of the five companies had contracts with radiologists in over 60 percent of Maryland hospitals

■ Emergency Medicine

- Two of the five companies had contracts with emergency medicine physicians in over 60 percent of Maryland hospitals



Survey continued

- The largest insurers/HMOs have a greater percentage of contracting hospital-based physicians
- Size is important but not the only factor
 - Geographic distribution of membership
 - Contracting philosophy



Survey continued

- HMO payments to non-participating hospital based physicians
 - Three pay in accordance with §§ 19-710.1 of the Health-General Article
 - Two pay billed charges
 - One reported other
 - One response unclear



Survey continued

- Insurer payments to non-participating hospital-based physicians
 - Two pay in accordance with allowed amount set by the insurer
 - Two pay in accordance with the member's benefit plan
 - One pays billed charges
 - One response was unclear



Conclusions

- The participation status of hospital-based physicians varies
 - Size
 - Contracting philosophy
 - Membership concentration
- Reimbursement for non-participating physicians varies



Conclusions continued

- Network of hospital-based physicians differentiates one HMO or health insurer from another
- Payment method for non-participating hospital-based physicians differentiates:
 - HMOs from health insurers
 - One health insurer from another
 - Claims cost
 - Consumer out-of-pocket costs



Conclusions continued

- Consumers covered by health insurers should expect to have higher out-of-pocket costs for hospital-based physicians, particularly emergency medicine



Policy Options

■ Physician payment

- Modify §§ 19-710.1 of the Health-General Article to require consistent payment method for non-participating hospital-based physicians treating HMO members
- Develop payment policy for emergency medicine

■ Consumer disclosure

- Provider directories
- Marketing material